

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF VIRGINIA
RICHMOND DIVISION**

In re:

Alpha Natural Resources, Inc., et al.,

Reorganized Debtors.

Chapter 11

Case No. 15-33896 (KRH)

(Jointly Administered)

**DECLARATION OF KEVIN CARMODY IN RESPECT OF RECOMMENDATION OF
UNITED STATES TRUSTEE PURSUANT TO
PARAGRAPH 'D' OF ORDER DATED JULY 15, 2016 [DOCKET # 3055]**

I, Kevin Carmody, under penalty of perjury, declare as follows:

1. On August 3, 2015 (the "Petition Date"), the Debtors commenced their reorganization cases by filing voluntary petitions for relief under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code"). By order dated July 12, 2016 [Docket # 3038] the Bankruptcy Court confirmed the Debtors' chapter 11 plan (the "Plan"), and on July 26, 2016 the Debtors filed their notice [Docket # 3152] that the "Effective Date" of the Plan occurred.

2. By order dated September 17, 2015 [Docket # 0476], the Bankruptcy Court authorized the Debtors to retain McKinsey Recovery & Transformations Services U.S., LLC ("McKinsey RTS US") pursuant to their engagement letter attached to the Debtor's application dated August 24, 2016 for an order authorizing such retention [Docket # 0212]. I am the Practice Leader at McKinsey RTS US in charge of the services it rendered to the Debtors. The information provided in this disclosure was compiled at my request, is as a result of my

employment position and diligence undertaken by me or by professionals working under my direction, and is true to the best of my knowledge, information, and belief.

3. By order dated July 1, 2016 [Docket # 2895], the Bankruptcy Court directed McKinsey RTS US to provide *in camera* certain information (the “Data”). That order directed that, pursuant to certain confidentiality provisions, the Data would be shared with the United States Trustee and the legal professionals for (a) the Debtors and (b) the statutory creditors’ committee (the “Committee”). Pursuant to paragraph ‘D’ of its order dated July 15, 2016 [Docket # 3055], the Bankruptcy Court authorized the United States Trustee to file a recommendation as to whether any of the Data should be publicly disclosed. The United States Trustee advised McKinsey RTS US as to what the United States Trustee believed should be publicly disclosed, and McKinsey RTS US is submitting this declaration to provide that disclosure.

4. In this declaration “McKinsey RTS” includes (i) McKinsey RTS US and its directors, officers, and employees, and (ii) the consultants borrowed from affiliates of McKinsey RTS US for the purpose of serving the Debtors in these Chapter 11 cases.

5. This declaration provides the names of the interested parties identified by the Debtors (the “Interested Parties”) that matched with (a) clients served by McKinsey RTS US or served by personnel borrowed from an affiliate thereof, during the three years prior to the Debtors’ Petition Date, (b) clients served by any consultant at any affiliate of McKinsey RTS US on matters focused on a direct commercial relationship or transaction with the Debtors during the three years prior to the Debtors’ petition date, and (c) Interested Parties that had employed personnel of McKinsey RTS. There were no matches in category 5(b). All matches involved services provided that were unrelated and not adverse to the Debtors. “Direct commercial

relationship or transaction with the Debtors” includes services related to all matters in which the client of an affiliate of McKinsey RTS US was acting or considering acting in concert with the Debtors, with or without a formal contract, or acting or considering acting adverse to the Debtors, with or without a formal contract. As aforesaid, there were no matters involving clients acting or considering acting adverse to the Debtors.

6. The name disclosures below, together with the categories of Interested Parties with which they matched, are fewer than the number of entities originally described in my original declaration due to the elimination of duplicate matches, matches of the same Interested Party in more than one category, and name coincidences that turned out not be Interested Parties or affiliates of Interested Parties.

7. McKinsey RTS personnel have served the following entities or affiliates thereof:

a. **Beneficiaries of Letters of Credit:** National Union Fire Insurance and Zurich American Insurance Co.

b. **Debtors' Largest Unsecured Creditors (Excluding Noteholders):** AEP River Operations LLC and Nelson Brothers LLC

c. **Debtors' Professionals, Consultants and Service Providers:** Bank of America; Siemens Industry Pace Global; Thomson Reuters; Thomson Reuters GRC, Inc.; Thomson Tax & Accounting; and Willis of New York

d. **Depository and Disbursement Banks:** Australia and New Zealand Banking Group Ltd. (ANZ); Bank of America; Deutsche Bank; JPMorgan Chase & Co., nka JPMorgan Chase, National Association; Sumitomo Mitsui Banking Corporation (SMBC) and UBS

e. **Insurers, Insurance Brokers and Third-Party Administrators:** AIG Specialty Insurance Company; American Guarantee & Liability (Zurich); Chartis Specialty Insurance Company; Commerce and Industry Insurance Company; Lexington Insurance Company (US); Munich Re and Zurich Insurance Group

f. **Lenders Under A/R Facility:** General Electric Capital Corporation

g. **Major Competitors:** Anglo American Plc; ArcelorMittal Princeton; BHP Billiton; Peabody Energy, Inc.; Teck Resources, Ltd. and Walter Energy, Inc. In addition, certain personnel of McKinsey RTS served an informal creditors' group of Arch Coal, Inc.

h. **Major Customers of the Debtors:** American Electric Power/Appalachian Power Company; ArcelorMittal Sourcing, S.A.; Enel Trade SpA; Homer City Generation, L.P.; Indiana Michigan Power Company; Peabody COALTRADE LLC; Tata Steel Global Procurement Co. Pte., Ltd. and United States Steel

i. **Major Equity Holders:** Deutsche Asset Management Investmentgesellschaft mbH (DeAM); Sankaty Advisors LLC; SSgA Funds Management, Inc.; UBS Financial Services, Inc. and Vanguard Group, Inc.

j. **Major Unsecured Noteholder:** J.P. Morgan Securities LLC; Oaktree Capital Management, L.P.; Sankaty Advisors LLC and State Street Global Advisors (SSgA)

k. **Material Sureties:** Zurich Insurance Group

l. **Other Major Suppliers of Goods and Services:** GE Fairchild LLC

m. **Parties to Joint Ventures with the Debtors:** Peabody Energy Corp.; Peabody Holding Co., Inc.; Peabody Powder River Operations, LLC. In addition, certain personnel of McKinsey RTS served an informal creditors' group of Arch Coal, Inc.

n. **Parties to Material Contracts with the Debtors:** Nexans Amercable Inc.

o. **Parties to Material Unexpired Leases with the Debtors:** AIG Commercial Equipment Finance; Banc of America Leasing & Capital; Caterpillar Financial Services; Pristine Resources, Inc. (Arcelor Mittal); Siemens Financial Services and Staples Advantage. In addition, certain personnel of McKinsey RTS served an informal creditors' group of Arch Coal, Inc.

p. **Revolving Facility Lenders:** Apollo Global Management LLC; Bank of America, N.A; Barclays Bank PLC; Citigroup Global Market; Deutsche Bank; Goldman Sachs Bank USA; JPMorgan Chase Bank, N.A.; Sumitomo Mitsui Banking Corporation and UBS Stamford Branch TRS

q. **Second Lien Noteholders:** Sankaty Advisors LLC

r. **Secured Term Loan Lenders:** 3i Debt Management US LLC; Allianz Global US; Apollo Global Management; Bank of America, N.A.;

Barclays Bank PLC; Deutsche Bank; JPMorgan Chase Bank, N.A.; Onex Credit Partners, LLC and Sankaty Advisors, LLC

s. **Significant Utility Providers**: American Electric Power; Appalachian Power Company; AT&T; AT&T Mobility

8. The following McKinsey RTS personnel were previously employed by certain Interested Parties, or affiliates thereof, during the three year period preceding the Debtor's petition date:

a. Ignace Proot – ArcelorMittal Flat Carbon Europe, identified on the list of Interested Parties (via itself or an affiliate thereof) as a Party to Material Unexpired Leases with the Debtor, Major Customer of the Debtor, and a Major Competitor.

b. Rick Notarianni – BENTEK Energy, LLC, a subsidiary of The McGraw-Hill Companies, Inc., the parent of Standard & Poor's, identified on the list of Interested Parties as a Debtors' Professional, Consultant and /or Service Provider.

c. Brian Green – Nalco Champion, the oil and gas products unit of Nalco Co., identified on the list of Interested Parties as a Major Supplier of Goods and Services.

d. Heather Eisenman – GE Oil & Gas, identified on the list of Interested Parties (via itself or an affiliate thereof) as a Lender Under A/R Facility.

e. Kyle Sturgeon, Jeff Gordon, Neil Christie, Keith Beattie, Chris Moye, Michael Pesche, Geoff White, Joao Carlos Frenades, and Richard Hudson - Alvarez & Marsal, identified on the list of Interested Parties (via itself or an affiliate thereof) as one of the Debtors' Professionals Consultants and Service Providers.

f. Matt Johnston - KPMG LLP, identified on the list of Interested Parties under Debtors' Professionals Consultants and Service Providers.

9. McKinsey RTS US or one or more of its affiliates were represented during the three years prior to the Debtors' petition date by the following professionals (or affiliates thereof) named under the category "Debtors' Professionals, Consultants and Service Providers" on the list of Interested Parties: Accountemps; Bank of America; Bloomberg Finance, L.P.; Cherry Bekaert LLP; Cleary Gottlieb Steen & Hamilton LLP; Corporate Executive Board; CT

Corporation System D/B/A CT Lien Solutions; Davis Polk & Wardwell LLP; Deloitte Tax LLP; Ernst & Young; Houlihan Lokey, Inc.; Hunton & Williams LLP; Jones Day; KPMG LLP; Moody's Investors Service; Siemens Industry Pace Global; Standard & Poor's; Thomson Reuters; Towers Watson; Willis of New York; Kirkland & Ellis; McGuire Woods LLP; Protiviti; Quinn Emanuel and Stroock & Stroock & Lavan LLP.

10. Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge, information and belief.

Dated: August 5, 2016
Chicago, Illinois



Kevin Carmody
Practice Leader
McKinsey Recovery &
Transformation Services U.S., LLC

CERTIFICATE OF SERVICE

I hereby certify that on this 5th day of August, 2016, the foregoing Declaration of Kevin Carmody in Respect of Recommendation of United States Trustee Pursuant to Paragraph 'D' of Order Dated July 15, 2016 [Docket # 3055] was filed with the Court through the Clerk's CM/ECF filing system and served on all parties receiving electronic notice in these cases and/or electronic mail to all parties on the attached Service List.

/s/ Christopher L. Perkins

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